

106TH CONGRESS  
1ST SESSION

# H. R. 2975

To establish grant programs to provide opportunities for adolescents, to establish training programs for teachers, and to establish job training courses at community colleges, to amend the Elementary and Secondary Education Act of 1965 to reduce class size, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 1999

Ms. HOOLEY of Oregon introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish grant programs to provide opportunities for adolescents, to establish training programs for teachers, and to establish job training courses at community colleges, to amend the Elementary and Secondary Education Act of 1965 to reduce class size, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Youth Education De-  
5 velopment Act of 1999”.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) ADOLESCENT.—The term “adolescent”  
4 means an individual who is less than 16 years of age  
5 but not less than 10 years of age.

6 (2) COMMISSIONER.—The term “Commis-  
7 sioner” means the Commissioner of the Administra-  
8 tion for Children, Youth, and Families in the De-  
9 partment of Health and Human Services.

10 (3) COMMUNITY-BASED ORGANIZATION.—The  
11 term “community-based organization” has the  
12 meaning given such term in section 101(7) of the  
13 Workforce Investment Act of 1998 (29 U.S.C.  
14 2801(7)).

15 (4) COMMUNITY COLLEGE.—The term “commu-  
16 nity college” has the meaning given such term in  
17 section 312(e) of the Higher Education Act of 1965  
18 (20 U.S.C. 1058(e)).

19 (5) ELEMENTARY SCHOOL.—The term “elemen-  
20 tary school” has the meaning given such term in  
21 section 14101(14) of the Elementary and Secondary  
22 Education Act of 1965 (20 U.S.C. 8801(14)).

23 (6) INSTITUTION OF HIGHER EDUCATION.—The  
24 term “institution of higher education” has the  
25 meaning given such term in section 101(a) of the  
26 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

1           (7) LOCAL EDUCATIONAL AGENCY.—The term  
 2           “local educational agency” has the meaning given  
 3           such term in section 14101(18) of the Elementary  
 4           and Secondary Education Act of 1965 (20 U.S.C.  
 5           8801(18)).

6           (8) SECONDARY SCHOOL.—The term “sec-  
 7           ondary school” has the meaning given such term in  
 8           section 14101(25) of the Elementary and Secondary  
 9           Education Act of 1965 (20 U.S.C. 8801(25)).

10          (9) SECRETARY.—The term “Secretary” means  
 11          the Secretary of Education.

12       **TITLE I—GRANT PROGRAM TO**  
 13       **PROVIDE OPPORTUNITIES**  
 14       **FOR ADOLESCENTS**

15       **SEC. 101. GENERAL PROVISIONS.**

16          (a) AUTHORITY TO MAKE GRANTS.—The Commis-  
 17          sioner of the Administration for Children, Youth, and  
 18          Families may make grants on a competitive basis to public  
 19          agencies and nonprofit private organizations for programs  
 20          and activities described in sections 102, 103, 104, and  
 21          105. In making such grants, the Commissioner shall give  
 22          special consideration to agencies and organizations that  
 23          propose to carry out such projects and activities jointly  
 24          with one or more other such agencies or organizations.

25          (b) LIMITATIONS.—

1           (1) MAXIMUM AMOUNT OF GRANT.—A grant  
2       made under subsection (a) in any fiscal year to a  
3       particular agency or organization may not exceed  
4       \$500,000.

5           (2) MAXIMUM NUMBER OF GRANTS.—Not more  
6       than 3 grants may be made under subsection (a) to  
7       carry out a particular program or activity.

8       (c) ELIGIBILITY REQUIREMENTS.—To be eligible to  
9       receive a grant under subsection (a), a public agency or  
10      nonprofit private organization shall submit an application  
11      to the Commissioner at such time, in such form, and con-  
12      taining such assurances and information as the Commis-  
13      sioner may require by rule, including—

14           (1) an assurance that such grant will be ex-  
15      pended to pay not more than 70 percent of the cost  
16      (including the value of in-kind contributions to the  
17      cost) of the program or activity for which such grant  
18      is requested;

19           (2) an assurance that not more than 10 percent  
20      of such grant will be used to pay administrative  
21      costs (other than staff training) incurred to carry  
22      out such program or activity;

23           (3) an assurance that not less than 25 percent  
24      of such grant will be used to provide training (espe-

cially training in adolescent development) to staff  
who will administer such program or activity; and

(4) information demonstrating that—

(A) the applicant—

(i) intends to promote positive behavior, and to prevent negative outcomes, in adolescents;

(ii) empowers adolescents, values all adolescents, and actively engages adolescents in the development and operation of such program or activity;

(iii) has established clear goals and objectives for such program or activity and has identified a method to evaluate the effectiveness of such program or activity; and

(iv) will involve in carrying out such program or activity, committed staff and volunteers who possess appropriate skills and knowledge; and

(B) such program or activity will—

(i) reinforce the role of the family in, and the contribution of family members to, the positive development of adolescents;

1 (ii) give adolescents an opportunity to  
2 develop new skills, primarily through  
3 “hands-on” and other interactive learning  
4 processes;

5 (iii) be flexible to accommodate the  
6 experience, interests, family background,  
7 gender, and race or ethnicity of partici-  
8 pating adolescents; and

9 (iv) supplement, and not supplant,  
10 other programs and activities being carried  
11 out in the community.

12 **SEC. 102. GRANTS TO IMPROVE EDUCATIONAL PERFORM-**  
13 **ANCE.**

14 The Commissioner may make grants under section  
15 101(a) to improve the educational performance of adoles-  
16 cents, to enhance their learning ability, to develop their  
17 knowledge and appreciation of music, drama, writing,  
18 reading, art, foreign languages, mathematics, and science,  
19 and to develop their awareness of the multicultural nature  
20 of society. Such grants may be used—

21 (1) to develop curricular and educational mate-  
22 rials specifically designed for adolescents;

23 (2) to provide peer counseling to help adoles-  
24 cents make successful transitions among elementary,  
25 intermediate, and secondary schools;

1           (3) to carry out activities to promote academic  
2           achievement by adolescents;

3           (4) to carry out programs designed to help ado-  
4           lescents enjoy and appreciate learning, particularly  
5           programs that emphasize writing, reading, mathe-  
6           matics, or science; and

7           (5) such other programs and activities as the  
8           Commissioner considers to be appropriate.

9   **SEC. 103. GRANTS TO IMPROVE HEALTH AND FITNESS.**

10          The Commissioner may make grants under section  
11   101(a) to improve the health and fitness of adolescents.  
12   Such grants may be used—

13           (1) to carry out competitive and noncompetitive  
14           sports activities;

15           (2) to carry out recreational activities  
16           designed—

17                   (A) to promote the development of physical  
18                   and social skills,

19                   (B) to foster a spirit of adventure;

20                   (C) to provide opportunities for appro-  
21                   priate risk-taking; and

22                   (D) to teach an appreciation of the phys-  
23                   ical environment;

24           (3) to carry out community-based programs  
25           designed—

1 (A) to increase adolescents' awareness of  
2 their responsibility for their health; and

3 (B) to promote positive health behaviors;

4 (4) to carry out mental health programs, espe-  
5 cially those designed to reduce the incidence of ado-  
6 lescent depression and suicide; and

7 (5) such other programs and activities as the  
8 Commissioner considers to be appropriate.

9 **SEC. 104. GRANTS TO DEVELOP LIFE SKILLS.**

10 The Commissioner may make grants under section  
11 101(a) to develop the social competence, life skills, and  
12 leadership skills of adolescents, and to promote the appli-  
13 cation of such skills through community service and com-  
14 munity action. Such grants may be used to carry out—

15 (1) programs that prepare adolescents for  
16 adulthood, including employment, parenthood, and  
17 civic participation;

18 (2) programs that teach basic life skills, includ-  
19 ing interpersonal communication, planning, goal set-  
20 ting, decision making, problem solving, conflict reso-  
21 lution, and cognitive strategies for resisting peer and  
22 media pressure;

23 (3) programs that teach social responsibility  
24 and leadership skills, and that actively promote the



1 application of such skills through community prob-  
2 lem solving and community service; and

3 (4) such other programs as the Commissioner  
4 considers to be appropriate.

5 **SEC. 105. GRANTS TO IMPROVE FAMILY RELATIONSHIPS.**

6 The Commissioner may make grants under section  
7 101(a) to carry out programs to provide nonfinancial sup-  
8 port and training to families of adolescents. Such grants  
9 may be used—

10 (1) to carry out supportive and educational ac-  
11 tivities for families of adolescents, including courses  
12 and workshops that teach parenting skills that are  
13 most effective in promoting healthy adolescent devel-  
14 opment;

15 (2) to carry out activities that provide opportu-  
16 nities for parents and adolescents to engage in mu-  
17 tually enjoyable and educational pursuits, such as  
18 recreation, community and volunteer service, and  
19 communication workshops;

20 (3) to provide counseling to families of adoles-  
21 cents to enable adolescents, their siblings, and their  
22 parents to resolve problems in family relationships;  
23 and

24 (4) to carry out such other activities as the  
25 Commissioner considers to be appropriate.

1 **SEC. 106. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) FOR GRANTS TO IMPROVE EDUCATIONAL PER-  
3 FORMANCE.—There are authorized to be appropriated  
4 \$45,000,000 for fiscal year 2000, and such sums as may  
5 be necessary for each of the fiscal years 2001, 2002, 2003,  
6 and 2004, to make grants under section 101(a) for the  
7 purposes described in section 102.

8 (b) FOR GRANTS TO IMPROVE HEALTH AND FIT-  
9 NESS.—There are authorized to be appropriated  
10 \$45,000,000 for fiscal year 2000, and such sums as may  
11 be necessary for each of the fiscal years 2001, 2002, 2003,  
12 and 2004, to make grants under section 101(a) for the  
13 purposes described in section 103.

14 (c) FOR GRANTS TO DEVELOP LIFE SKILLS.—There  
15 are authorized to be appropriated \$45,000,000 for fiscal  
16 year 2000, and such sums as may be necessary for each  
17 of the fiscal years 2001, 2002, 2003, and 2004, to make  
18 grants under section 101(a) for the purposes described in  
19 section 104.

20 (d) FOR GRANTS TO IMPROVE FAMILY RELATION-  
21 SHIPS.—There are authorized to be appropriated  
22 \$45,000,000 for fiscal year 2000, and such sums as may  
23 be necessary for each of the fiscal years 2001, 2002, 2003,  
24 and 2004, to make grants under section 101(a) for the  
25 purposes described in section 105.

1 **TITLE II—GRANT PROGRAM TO**  
2 **ESTABLISH TRAINING PRO-**  
3 **GRAMS FOR TEACHERS**

4 **SEC. 201. AUTHORIZATION.**

5 (a) IN GENERAL.—The Secretary shall make grants  
6 to eligible entities to establish training programs to up-  
7 grade the skills of teachers at elementary schools and sec-  
8 ondary schools.

9 (b) PERIOD OF GRANT.—The provision of payments  
10 under a grant under subsection (a) may extend over a pe-  
11 riod of not more than 5 fiscal years and shall be subject  
12 to annual approval by the Secretary and subject to the  
13 availability of appropriations for the fiscal year involved  
14 to make the payments.

15 **SEC. 202. APPLICATION.**

16 (a) IN GENERAL.—To receive a grant under section  
17 201(a), an eligible entity shall submit an application to  
18 the Secretary at such time, in such form, and containing  
19 such information as the Secretary may reasonably require.

20 (b) ASSURANCES.—Such application shall include as-  
21 surances that the eligible entity—

22 (1) has developed or shall develop a plan, in-  
23 cluding an evaluation component, for the training  
24 program established pursuant to section 203(a);

1           (2) shall use Federal funds received from a  
2           grant under section 201(a) to supplement, not sup-  
3           plant, non-Federal funds that would otherwise be  
4           available for projects funded under such section; and

5           (3) shall provide, with respect to any fiscal year  
6           in which such entity receives funds from a grant  
7           under section 201(a), non-Federal funds in an  
8           amount equal to 30 percent of funds from such  
9           grant, an in kind contribution equivalent to such  
10          percent (as determined by the Secretary), or a com-  
11          bination thereof, for the purpose of carrying out the  
12          training program established pursuant to section  
13          203(a).

14   **SEC. 203. USE OF FUNDS.**

15          (a) TRAINING PROGRAM.—Grants made under sec-  
16          tion 201(a) may be used by an eligible entity only for es-  
17          tablishing a training program to—

18               (1) provide teachers at elementary schools and  
19               secondary schools the opportunity to participate in  
20               teacher internships which are related to the course  
21               of study taught by such teachers; and

22               (2) provide education courses for such teachers  
23               related to the course of study taught by such teach-  
24               ers.

1 (b) CONDUCT OF PROGRAM.—In conducting the pro-  
2 gram established pursuant to subsection (a), an eligible  
3 entity shall—

4 (1) require a teacher participating in the pro-  
5 gram to sign a learning contract specifying the  
6 length of the internship or education course, the de-  
7 sired results of such internship or education course,  
8 and the remuneration to be provided the teacher for  
9 participation in the program; and

10 (2) ensure that no jobs are lost or employees  
11 displaced as a result of the program.

12 **SEC. 204. REPORTS.**

13 An eligible entity that receives a grant under section  
14 201(a) shall submit to the Secretary in each fiscal year  
15 in which the entity receives amounts from such grant a  
16 report that describes the training program established  
17 pursuant to section 203(a), the number of teachers served  
18 in the program, and an evaluation of the program.

19 **SEC. 205. ALLOCATION REQUIREMENT.**

20 The Secretary may not make grants under section  
21 201(a) to any eligible entity in an amount totaling more  
22 than 5 percent of amounts appropriated under section  
23 207.

1 **SEC. 206. ELIGIBLE ENTITY DEFINED.**

2 For purposes of this title, the term “eligible entity”  
3 means a consortium consisting of—

4 (1) local educational agencies or institutions of  
5 higher education, or both;

6 (2) a teacher association;

7 (3) representatives of business and industry as-  
8 sociations; and

9 (4) labor organizations.

10 **SEC. 207. AUTHORIZATION OF APPROPRIATIONS.**

11 (a) IN GENERAL.—There is authorized to be appro-  
12 priated for fiscal year 2000 \$25,000,000 and such sums  
13 as may be necessary for each of the fiscal years 2001,  
14 2002, 2003, and 2005 to carry out section 201(a).

15 (b) AVAILABILITY.—Amounts appropriated under  
16 subsection (a) shall remain available until expended.

17 **TITLE III—GRANT PROGRAM TO**  
18 **ESTABLISH JOB TRAINING**  
19 **COURSES AT COMMUNITY**  
20 **COLLEGES**

21 **SEC. 301. AUTHORIZATION.**

22 (a) IN GENERAL.—The Secretary shall make grants  
23 to community colleges to establish job training courses at  
24 such colleges.

25 (b) PERIOD OF GRANT.—The provision of payments  
26 under a grant under subsection (a) may extend over a pe-

1 riod of not more than 5 fiscal years and shall be subject  
2 to annual approval by the Secretary and subject to the  
3 availability of appropriations for the fiscal year involved  
4 to make the payments.

5 **SEC. 302. APPLICATION.**

6 (a) IN GENERAL.—To receive a grant under section  
7 301(a), a community college shall submit an application  
8 to the Secretary at such time, in such form, and con-  
9 taining such information as the Secretary may reasonably  
10 require.

11 (b) ASSURANCES.—Such application shall include as-  
12 surances that the community college—

13 (1) has developed or shall develop a plan, in-  
14 cluding an evaluation component, for projects estab-  
15 lished pursuant to section 303;

16 (2) shall use Federal funds received from a  
17 grant under section 301(a) to supplement, not sup-  
18 plant, non-Federal funds that would otherwise be  
19 available for projects funded under such section; and

20 (3) shall provide, with respect to any fiscal year  
21 in which such college receives funds from a grant  
22 under section 301(a), non-Federal funds in an  
23 amount equal to 30 percent of funds from such  
24 grant, an in kind contribution equivalent to such  
25 percent (as determined by the Secretary), or a com-

1        bination thereof, for the purpose of carrying out  
2        projects established pursuant to section 303.

3    **SEC. 303. USE OF FUNDS.**

4        Grants made under section 301(a) may be used by  
5    a community college only for—

6            (1) assessing the education and training needs  
7        of the regional labor market in which the community  
8        college is located;

9            (2) developing job training courses to meet the  
10       needs of the regional labor market, including in-  
11       structional materials and competency-based assess-  
12       ment standards;

13           (3) providing inservice training for teachers of  
14       such courses; and

15           (4) purchasing equipment for use in such  
16       courses.

17    **SEC. 304. REPORTS.**

18        A community college that receives a grant under sec-  
19    tion 301(a) shall submit to the Secretary in each fiscal  
20    year in which the college receives amounts from such grant  
21    a report that describes the projects established pursuant  
22    to section 303, the number of individuals served by the  
23    projects, and an evaluation of the projects.



1 **SEC. 305. ALLOCATION REQUIREMENT.**

2       The Secretary may not make grants under section  
3 301(a) to any eligible entity in an amount totaling more  
4 than 20 percent of amounts appropriated under section  
5 306.

6 **SEC. 306. AUTHORIZATION OF APPROPRIATIONS.**

7       (a) IN GENERAL.—There is authorized to be appro-  
8 priated for fiscal year 2000, \$45,000,000 and such sums  
9 as may be necessary for each of the fiscal years 2001,  
10 2002, 2003 and 2005 to carry out section 301(a).

11       (b) AVAILABILITY.—Amounts appropriated under  
12 subsection (a) shall remain available until expended.

13                   **TITLE IV—CLASS SIZE**  
14                   **REDUCTION**

15 **SEC. 401. CLASS SIZE REDUCTION.**

16       Title VI of the Elementary and Secondary Education  
17 Act of 1965 (20 U.S.C. 7301 et seq.) is amended by add-  
18 ing at the end the following:

19                   **“PART E—CLASS SIZE REDUCTION**

20 **“SEC. 6601. SHORT TITLE.**

21       “‘This part may be cited as the ‘Class Size Reduction  
22 and Teacher Quality Act of 1999’.

23 **“SEC. 6604. PROGRAM AUTHORIZED.**

24       “(a) AUTHORIZATION OF APPROPRIATIONS.—For the  
25 purpose of carrying out this part, there are authorized to  
26 be appropriated, \$1,400,000,000 for fiscal year 2000,

1 \$1,500,000,000 for fiscal year 2001, \$1,700,000,000 for  
2 fiscal year 2002, \$1,735,000,000 for fiscal year 2003,  
3 \$2,300,000,000 for fiscal year 2004, and \$2,800,000,000  
4 for fiscal year 2005.

5 “(b) ALLOTMENTS.—

6 “(1) IN GENERAL.—From the amount appro-  
7 priated under subsection (a) for a fiscal year the  
8 Secretary—

9 “(A) shall make a total of 1 percent avail-  
10 able to the Secretary of the Interior (on behalf  
11 of the Bureau of Indian Affairs) and the out-  
12 lying areas for activities that meet the purpose  
13 of this part; and

14 “(B) shall allot to each State the same  
15 percentage of the remaining funds as the per-  
16 centage it received of funds allocated to States  
17 for the previous fiscal year under section 1122  
18 or section 2202(b), whichever percentage is  
19 greater, except that such allotments shall be  
20 ratably decreased as necessary.

21 “(2) DEFINITION OF STATE.—In this part the  
22 term ‘State’ means each of the several States of the  
23 United States, the District of Columbia and the  
24 Commonwealth of Puerto Rico.

1           “(3) STATE-LEVEL EXPENSES.—Each State  
2           may use not more than a total of  $\frac{1}{2}$  of 1 percent  
3           of the amount the State receives under this part, or  
4           \$50,000, whichever is greater, for a fiscal year, for  
5           the administrative costs of the State educational  
6           agency.

7           “(c) WITHIN STATE DISTRIBUTION—

8           “(1) IN GENERAL.—Each State that receives an  
9           allotment under this section shall distribute the  
10          amount of the allotted funds that remain after using  
11          funds in accordance with subsection (b)(3) to local  
12          educational agencies in the State, of which—

13               “(A) 80 percent of such remainder shall be  
14               allocated to such local educational agencies in  
15               proportion to the number of children, aged 5 to  
16               17, who reside in the school district served by  
17               such local educational agency and are from  
18               families with incomes below the poverty line (as  
19               defined by the Office of Management and  
20               Budget and revised annually in accordance with  
21               section 673(2) of the Community Services  
22               Block Grant Act (42 U.S.C. 9902(2)) applica-  
23               ble to a family of the size involved) for the most  
24               recent fiscal year for which satisfactory data is  
25               available compared to the number of such indi-

1           viduals who reside in the school districts served  
2           by all the local educational agencies in the State  
3           for that fiscal year, except that a State may ad-  
4           just such data; and

5           “(B) 20 percent of such remainder shall be  
6           allocated to such local educational agencies in  
7           accordance with the relative enrollments of chil-  
8           dren, aged 5 to 17, in public and private non-  
9           profit elementary schools and secondary schools  
10          in the school districts within the boundaries of  
11          such agencies.

12          “(2) AWARD RULE.—Notwithstanding para-  
13          graph (1), if the award to a local educational agency  
14          under this section is less than the starting salary for  
15          a new teacher in that agency, the State shall not  
16          make the award unless—

17                 “(A) the local educational agency agrees to  
18                 form a consortium with not less than 1 other  
19                 local educational agency for the purpose of re-  
20                 ducing class size; or

21                 “(B) the local educational agency agrees to  
22                 supplement the award with non-Federal funds  
23                 sufficient to pay the cost of hiring a teacher.

1   **“SEC. 6605. USE OF FUNDS.**

2           “(a) IN GENERAL.—Each local educational agency  
3 that receives funds under this part shall use such funds  
4 to carry out effective approaches to reducing class size  
5 with highly qualified teachers to improve educational  
6 achievement for both regular and special-needs children,  
7 with particular consideration given to reducing class size  
8 in the early elementary grades for which some research  
9 has shown class size reduction is most effective.

10          “(b) CLASS REDUCTION—

11                 “(1) IN GENERAL.—Each such local educational  
12 agency may pursue the goal of reducing class size  
13 through—

14                         “(A) recruiting, hiring, and training cer-  
15 tified regular and special education teachers  
16 and teachers of special-needs children, including  
17 teachers certified through State and local alter-  
18 native routes;

19                         “(B) testing new teachers for academic  
20 content knowledge, and to meet State certifi-  
21 cation requirements that are consistent with  
22 title II of the Higher Education Act of 1965;  
23 and

24                         “(C) providing professional development to  
25 teachers, including special education teachers  
26 and teachers of special-needs children, con-

1           sistent with title II of the Higher Education  
2           Act of 1965.

3           “(2) RESTRICTION.—A local educational agency  
4           may use not more than a total of 15 percent of the  
5           funds received under this part for each of the fiscal  
6           years 2000 through 2003 to carry out activities de-  
7           scribed in subparagraphs (B) and (C) of paragraph  
8           (1), and may not use any funds received under this  
9           part for fiscal year 2004 or 2005 for those activities.

10          “(3) SPECIAL RULE.—A local educational agen-  
11          cy that has already reduced class size in the early  
12          grades to 18 or fewer children may use funds re-  
13          ceived under this part—

14               “(A) to make further class-size reductions  
15               in grades 1 through 3;

16               “(B) to reduce class size in kindergarten  
17               or other grades; or

18               “(C) to carry out activities to improve  
19               teacher quality, including professional develop-  
20               ment activities.

21          “(c) SUPPLEMENT NOT SUPPLANT.—A local edu-  
22          cational agency shall use funds under this part only to  
23          supplement, and not to supplant, State and local funds  
24          that, in the absence of such funds, would otherwise be  
25          spent for activities under this part.

1       “(d) PROHIBITION.—No funds made available under  
2 this part may be used to increase the salaries of or provide  
3 benefits to (other than participation in professional devel-  
4 opment and enrichment programs) teachers who are, or  
5 have been, employed by the local educational agency.

6       “(e) PROFESSIONAL DEVELOPMENT.—If a local edu-  
7 cational agency uses funds made available under this part  
8 for professional development activities, the agency shall  
9 ensure the equitable participation of private nonprofit ele-  
10 mentary and secondary schools in such activities. Section  
11 6402 shall not apply to other activities under this section.

12       “(f) ADMINISTRATIVE EXPENSES.—A local edu-  
13 cational agency that receives funds under this part may  
14 use not more than 3 percent of such funds for local admin-  
15 istrative expenses.

16 **“SEC. 6606. COST-SHARING REQUIREMENT.**

17       “(a) FEDERAL SHARE.—The Federal share of the  
18 cost of activities carried out under this part—

19               “(1) may be up to 100 percent in local edu-  
20 cational agencies with child-poverty levels of 50 per-  
21 cent or greater; and

22               “(2) shall be no more than 65 percent for local  
23 educational agencies with child-poverty rates of less  
24 than 50 percent.

1       “(b) LOCAL SHARE.—A local educational agency  
2 shall provide the non-Federal share of a project under this  
3 part through cash expenditures from non-Federal sources,  
4 except that if an agency has allocated funds under section  
5 1113(c) to one or more schoolwide programs under section  
6 1114, it may use those funds for the non-Federal share  
7 of activities under this program that benefit those  
8 schoolwide programs, to the extent consistent with section  
9 1120A(c) and notwithstanding section 1114(a)(3)(B).

10 **“SEC. 6607. REQUEST FOR FUNDS.**

11       “Each local educational agency that desires to receive  
12 funds under this part shall include in the application sub-  
13 mitted under section 6303 a description of the agency’s  
14 program under this part to reduce class size by hiring ad-  
15 ditional highly qualified teachers.

16 **“SEC. 6608. REPORTS.**

17       “(a) STATE.—Each State receiving funds under this  
18 part shall report on activities in the State under this sec-  
19 tion, consistent with section 6202(a)(2).

20       “(b) SCHOOL.—Each school receiving assistance  
21 under this part, or the local educational agency serving  
22 that school, shall produce an annual report to parents, the  
23 general public, and the State educational agency, in easily  
24 understandable language, regarding student achievement



1 that is a result of hiring additional highly qualified teach-  
 2 ers and reducing class size.”.

## 3 **TITLE V—SCHOOL** 4 **MODERNIZATION**

### 5 **SEC. 501. CREDIT TO HOLDERS OF QUALIFIED PUBLIC** 6 **SCHOOL CONSTRUCTION BONDS.**

7 (a) IN GENERAL.—Subpart B of part IV of sub-  
 8 chapter A of chapter 1 of the Internal Revenue Code of  
 9 1986 is amended by adding at the end the following new  
 10 section:

### 11 **“SEC. 30B. CREDIT TO HOLDERS OF QUALIFIED PUBLIC** 12 **SCHOOL CONSTRUCTION BONDS.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-  
 14 payer who holds a qualified school construction bond on  
 15 a credit allowance date of such bond which occurs during  
 16 the taxable year, there shall be allowed as a credit against  
 17 the tax imposed by this chapter for such taxable year an  
 18 amount equal to the sum of the credits determined under  
 19 subsection (b) with respect to credit allowance dates dur-  
 20 ing such year on which the taxpayer holds such bond.

21 “(b) AMOUNT OF CREDIT.—

22 “(1) IN GENERAL.—The amount of the credit  
 23 determined under this subsection with respect to any  
 24 credit allowance date for a qualified school construc-

1       tion bond is 25 percent of the annual credit deter-  
2       mined with respect to such bond.

3               “(2) ANNUAL CREDIT.—The annual credit de-  
4       termined with respect to any qualified school con-  
5       struction bond is the product of—

6                       “(A) the applicable credit rate, multiplied  
7               by

8                       “(B) the outstanding face amount of the  
9       bond.

10               “(3) APPLICABLE CREDIT RATE.—For purposes  
11       of paragraph (1), the applicable credit rate with re-  
12       spect to an issue is the rate equal to an average  
13       market yield (as of the day before the date of  
14       issuance of the issue) on outstanding long-term cor-  
15       porate debt obligations (determined under regula-  
16       tions prescribed by the Secretary).

17               “(4) SPECIAL RULE FOR ISSUANCE AND RE-  
18       DEMPTION.—In the case of a bond which is issued  
19       during the 3-month period ending on a credit allow-  
20       ance date, the amount of the credit determined  
21       under this subsection with respect to such credit al-  
22       lowance date shall be a ratable portion of the credit  
23       otherwise determined based on the portion of the 3-  
24       month period during which the bond is outstanding.

1       A similar rule shall apply when the bond is re-  
2       deemed.

3       “(c) QUALIFIED SCHOOL CONSTRUCTION BOND.—  
4       For purposes of this section—

5               “(1) IN GENERAL.—The term ‘qualified school  
6       construction bond’ means any bond issued as part of  
7       an issue if—

8                       “(A) 95 percent or more of the proceeds of  
9       such issue are to be used for the construction,  
10      rehabilitation, or repair of a public school facil-  
11      ity or for the acquisition of land on which such  
12      a facility is to be constructed with part of the  
13      proceeds of such issue,

14                      “(B) the bond is issued by a State or local  
15      government within the jurisdiction of which  
16      such school is located,

17                      “(C) the issuer designates such bond for  
18      purposes of this section, and

19                      “(D) the term of each bond which is part  
20      of such issue does not exceed 15 years.

21               “(2) LIMITATION ON AMOUNT OF BONDS DES-  
22      IGNATED.—The maximum aggregate face amount of  
23      bonds issued during any calendar year which may be  
24      designated under paragraph (1) by any issuer shall

1 not exceed the limitation amount allocated under  
 2 paragraph (3) for such calendar year to such issuer.

3 “(3) NATIONAL LIMITATION ON AMOUNT OF  
 4 BONDS DESIGNATED.—There is a national qualified  
 5 school construction bond limitation for each calendar  
 6 year. Such limitation is—

7 “(A) \$12,500,000,000 for 2000,

8 “(B) \$12,500,000,000 for 2001, and

9 “(C) except as provided in paragraph (5),  
 10 zero after 2001.

11 “(4) ALLOCATION OF LIMITATION AMONG  
 12 STATES.—

13 “(A) IN GENERAL.—The limitation appli-  
 14 cable under paragraph (3) for any calendar  
 15 year shall be allocated among the States by the  
 16 Secretary. The amount allocated to a State for  
 17 a calendar year shall be equal to the sum of—

18 “(i) the amount allocated to the State  
 19 for such year under subparagraph (B), and

20 “(ii) the amount allocated to the State  
 21 for such year under subparagraph (C).

22 The limitation amount allocated to a State  
 23 under the preceding sentence shall be allocated  
 24 by the State education agency to issuers within

1           such State and such allocations may be made  
2           only if there is an approved State application.

3           “(B) ALLOCATION ON BASIS OF BASIC  
4           GRANTS UNDER TITLE I OF THE ELEMENTARY  
5           AND SECONDARY EDUCATION ACT OF 1965.—  
6           One-half of the limitation applicable under  
7           paragraph (3) for any calendar year shall be al-  
8           located among the States in proportion to the  
9           respective amounts each such State received for  
10          basic grants under subpart 2 of part A of title  
11          I of the Elementary and Secondary Education  
12          Act of 1965 (20 U.S.C. 6331 et seq.) for the  
13          most recent fiscal year ending before such cal-  
14          endar year.

15          “(C) ALLOCATION ON BASIS OF TOTAL EL-  
16          EMENTARY AND SECONDARY SCHOOL AGE POP-  
17          ULATION.—One-half of the limitation applicable  
18          under paragraph (3) for any calendar year shall  
19          be allocated among the States in proportion to  
20          the respective numbers of children in each State  
21          who have attained age 5 but not age 18 for the  
22          most recent fiscal year ending before such cal-  
23          endar year.

24          “(D) MINIMUM ALLOCATIONS TO  
25          STATES.—

1                   “(i) IN GENERAL.—The Secretary  
2                   shall adjust the allocations under this  
3                   paragraph for any calendar year for each  
4                   State to the extent necessary to ensure  
5                   that the amount allocated to such State  
6                   under this paragraph for such year is not  
7                   less than an amount equal to such State’s  
8                   minimum percentage of one-half of the  
9                   amount to be allocated under subpara-  
10                  graph (A) for the calendar year.

11                  “(ii) MINIMUM PERCENTAGE.—A  
12                  State’s minimum percentage for any cal-  
13                  endar year is the minimum percentage de-  
14                  scribed in section 1124(d) of the Elemen-  
15                  tary and Secondary Education Act of 1965  
16                  (20 U.S.C. 6334(d)) for such State for the  
17                  most recent fiscal year ending before such  
18                  calendar year.

19                  “(E) ALLOCATIONS TO CERTAIN POSSES-  
20                  SIONS.—The amount to be allocated under sub-  
21                  paragraph (A) to any possession of the United  
22                  States other than Puerto Rico shall be the  
23                  amount which would have been allocated if all  
24                  allocations under subparagraph (A) were made  
25                  on the basis of respective populations of individ-

1 uals below the poverty line (as defined by the  
 2 Office of Management and Budget). In making  
 3 other allocations, the amount to be allocated  
 4 under subparagraph (A) shall be reduced by the  
 5 aggregate amount allocated under this subpara-  
 6 graph to possessions of the United States.

7 “(F) APPROVED STATE APPLICATION.—  
 8 For purposes of subparagraph (A), the term  
 9 ‘approved State application’ means an applica-  
 10 tion which is approved by the Secretary of Edu-  
 11 cation and which includes—

12 “(i) the results of a recent publicly-  
 13 available survey (undertaken by the State  
 14 with the involvement of local education of-  
 15 ficials, members of the public, and experts  
 16 in school construction and management) of  
 17 such State’s needs for public school facili-  
 18 ties, including descriptions of—

19 “(I) health and safety problems  
 20 at such facilities,

21 “(II) the capacity of public  
 22 schools in the State to house projected  
 23 enrollments,

24 “(III) the extent to which the  
 25 public schools in the State offer the

1 physical infrastructure needed to pro-  
2 vide a high-quality education to all  
3 students, and

4 “(ii) a description of how the State  
5 will allocate to local educational agencies,  
6 or otherwise use, its allocation under this  
7 subsection to address the needs identified  
8 under subparagraph (A), including a de-  
9 scription of how it will—

10 “(I) give high priority to local-  
11 ities with the greatest needs, as dem-  
12 onstrated by inadequate school facili-  
13 ties coupled with a low level of re-  
14 sources to meet those needs,

15 “(II) use its allocation under this  
16 subsection to assist localities that lack  
17 the fiscal capacity to issue bonds on  
18 their own,

19 “(III) ensure that its allocation  
20 under this subsection is used only to  
21 supplement, and not supplant, the  
22 amount of school construction, reha-  
23 bilitation, and repair in the State that  
24 would have occurred in the absence of  
25 such allocation, and



1 “(IV) ensure that the needs of  
 2 both rural and urban areas are recog-  
 3 nized.

4 Any allocation under subparagraph (A) by a  
 5 State education agency shall be binding if such  
 6 agency reasonably determined that the alloca-  
 7 tion was in accordance with the plan approved  
 8 under this subparagraph.

9 “(5) CARRYOVER OF UNUSED LIMITATION.—If  
 10 for any calendar year—

11 “(A) the amount allocated under para-  
 12 graph (4) to any State, exceeds

13 “(B) the amount of bonds issued during  
 14 such year which are designated under para-  
 15 graph (1) pursuant to such allocation,

16 the limitation amount under paragraph (4) for such  
 17 State for the following calendar year shall be in-  
 18 creased by the amount of such excess.

19 “(d) LIMITATION BASED ON AMOUNT OF TAX.—

20 “(1) IN GENERAL.—The credit allowed under  
 21 subsection (a) for any taxable year shall not exceed  
 22 the excess of—

23 “(A) the sum of the regular tax liability  
 24 (as defined in section 26(b)) plus the tax im-  
 25 posed by section 55, over

1           “(B) the sum of the credits allowable  
2           under part IV of subchapter A (other than sub-  
3           part C thereof, relating to refundable credits).

4           “(2) CARRYOVER OF UNUSED CREDIT.—If the  
5           credit allowable under subsection (a) exceeds the  
6           limitation imposed by paragraph (1) for such taxable  
7           year, such excess shall be carried to the succeeding  
8           taxable year and added to the credit allowable under  
9           subsection (a) for such taxable year.

10          “(e) OTHER DEFINITIONS.—For purposes of this  
11 section—

12           “(1) CREDIT ALLOWANCE DATE.—The term  
13           ‘credit allowance date’ means—

14                   “(A) March 15,

15                   “(B) June 15,

16                   “(C) September 15, and

17                   “(D) December 15.

18          Such term includes the last day on which the bond  
19          is outstanding.

20           “(2) LOCAL EDUCATIONAL AGENCY.—The term  
21           ‘local educational agency’ has the meaning given to  
22           such term by section 14101 of the Elementary and  
23           Secondary Education Act of 1965. Such term in-  
24           cludes the local educational agency that serves the

1 District of Columbia but does not include any other  
2 State agency.

3 “(3) BOND.—The term ‘bond’ includes any ob-  
4 ligation.

5 “(4) STATE.—The term ‘State’ includes the  
6 District of Columbia and any possession of the  
7 United States.

8 “(5) PUBLIC SCHOOL FACILITY.—The term  
9 ‘public school facility’ shall not include—

10 “(A) any stadium or other facility pri-  
11 marily used for athletic contests or exhibitions  
12 or other events for which admission is charged  
13 to the general public, or

14 “(B) any facility which is not owned by a  
15 State or local government or any agency or in-  
16 strumentality of a State or local government.

17 “(f) CREDIT INCLUDED IN GROSS INCOME.—Gross  
18 income includes the amount of the credit allowed to the  
19 taxpayer under this section (determined without regard to  
20 subsection (d)) and the amount so included shall be treat-  
21 ed as interest income.

22 “(g) BONDS HELD BY REGULATED INVESTMENT  
23 COMPANIES.—If any qualified school construction bond is  
24 held by a regulated investment company, the credit deter-  
25 mined under subsection (a) shall be allowed to share-

1 holders of such company under procedures prescribed by  
2 the Secretary.

3 “(h) CREDITS MAY BE STRIPPED.—Under regula-  
4 tions prescribed by the Secretary—

5 “(1) IN GENERAL.—There may be a separation  
6 (including at issuance) of the ownership of a quali-  
7 fied school construction bond and the entitlement to  
8 the credit under this section with respect to such  
9 bond. In case of any such separation, the credit  
10 under this section shall be allowed to the person who  
11 on the credit allowance date holds the instrument ev-  
12 idencing the entitlement to the credit and not to the  
13 holder of the bond.

14 “(2) CERTAIN RULES TO APPLY.—In the case  
15 of a separation described in paragraph (1), the rules  
16 of section 1286 shall apply to the qualified school  
17 construction bond as if it were a stripped bond and  
18 to the credit under this section as if it were a  
19 stripped coupon.

20 “(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—  
21 Solely for purposes of sections 6654 and 6655, the credit  
22 allowed by this section to a taxpayer by reason of holding  
23 a qualified school construction bond on a credit allowance  
24 date shall be treated as if it were a payment of estimated  
25 tax made by the taxpayer on such date.

1       “(j) CREDIT MAY BE TRANSFERRED.—Nothing in  
 2 any law or rule of law shall be construed to limit the trans-  
 3 ferability of the credit allowed by this section through sale  
 4 and repurchase agreements.

5       “(k) REPORTING.—Issuers of qualified school con-  
 6 struction bonds shall submit reports similar to the reports  
 7 required under section 149(e).

8       “(l) TERMINATION.—This section shall not apply to  
 9 any bond issued after December 31, 2004.”

10       (b) REPORTING.—Subsection (d) of section 6049 of  
 11 such Code (relating to returns regarding payments of in-  
 12 terest) is amended by adding at the end the following new  
 13 paragraph:

14               “(8) REPORTING OF CREDIT ON QUALIFIED  
 15 SCHOOL CONSTRUCTION BONDS.—

16               “(A) IN GENERAL.—For purposes of sub-  
 17 section (a), the term ‘interest’ includes amounts  
 18 includible in gross income under section 30B(f)  
 19 and such amounts shall be treated as paid on  
 20 the credit allowance date (as defined in section  
 21 30B(e)(1)).

22               “(B) REPORTING TO CORPORATIONS,  
 23 ETC.—Except as otherwise provided in regula-  
 24 tions, in the case of any interest described in  
 25 subparagraph (A) of this paragraph, subsection

1 (b)(4) of this section shall be applied without  
 2 regard to subparagraphs (A), (H), (I), (J), (K),  
 3 and (L)(i).

4 “(C) REGULATORY AUTHORITY.—The Sec-  
 5 retary may prescribe such regulations as are  
 6 necessary or appropriate to carry out the pur-  
 7 poses of this paragraph, including regulations  
 8 which require more frequent or more detailed  
 9 reporting.”

10 (c) CONFORMING AMENDMENTS.—

11 (1) Subchapter U of chapter 1 of such Code is  
 12 amended by striking part IV, by redesignating part  
 13 V as part IV, and by redesignating section 1397F  
 14 as section 1397E.

15 (2) The table of parts of subchapter U of chap-  
 16 ter 1 of such Code is amended by striking the last  
 17 2 items and inserting the following item:

“Part IV. Regulations.”

18 (3) The table of sections for subpart B of part  
 19 IV of subchapter A of chapter 1 of such Code is  
 20 amended by adding at the end the following new  
 21 item:

“Sec. 30B. Credit to holders of qualified public school construc-  
 tion bonds.”

1 (d) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to obligations issued after Decem-  
 3 ber 31, 1999.

4 **SEC. 502. APPLICATION OF CERTAIN LABOR STANDARDS**  
 5 **ON CONSTRUCTION PROJECTS FINANCED**  
 6 **UNDER PUBLIC SCHOOL CONSTRUCTION**  
 7 **PROGRAM.**

8 Section 439 of the General Education Provisions Act  
 9 (relating to labor standards) is amended—

10 (1) by inserting “(a)” before “All laborers and  
 11 mechanics”; and

12 (2) by adding at the end the following:

13 “(b)(1) For purposes of this section, the term ‘appli-  
 14 cable program’ also includes the qualified zone academy  
 15 bond provisions enacted by section 226 of the Taxpayer  
 16 Relief Act of 1997 and the program established by section  
 17 501 of the Youth Development Act of 1999.

18 “(2) A State or local government participating in a  
 19 program described in paragraph (1) shall—

20 “(A) in the awarding of contracts, give priority  
 21 to contractors with substantial numbers of employ-  
 22 ees residing in the local education area to be served  
 23 by the school being constructed; and

24 “(B) include in the construction contract for  
 25 such school a requirement that the contractor give

1 priority in hiring new workers to individuals residing  
 2 in such local education area.

3 “(3) In the case of a program described in paragraph  
 4 (1), nothing in this subsection or subsection (a) shall be  
 5 construed to deny any tax credit allowed under such pro-  
 6 gram. If amounts are required to be withheld from con-  
 7 tractors to pay wages to which workers are entitled, such  
 8 amounts shall be treated as expended for construction pur-  
 9 poses in determining whether the requirements of such  
 10 program are met.”.

11 **SEC. 503. EMPLOYMENT AND TRAINING ACTIVITIES RELAT-**  
 12 **ING TO CONSTRUCTION OR RECONSTRUC-**  
 13 **TION OF PUBLIC SCHOOL FACILITIES.**

14 (a) IN GENERAL.—Section 134 of the Workforce In-  
 15 vestment Act of 1998 (29 U.S.C. 2864) is amended by  
 16 adding at the end the following:

17 “(f) LOCAL EMPLOYMENT AND TRAINING ACTIVI-  
 18 TIES RELATING TO CONSTRUCTION OR RECONSTRUCTION  
 19 OF PUBLIC SCHOOL FACILITIES.—

20 “(1) IN GENERAL.—In order to provide training  
 21 services related to construction or reconstruction of  
 22 public school facilities receiving funding assistance  
 23 under an applicable program, each State shall estab-  
 24 lish a specialized program of training meeting the  
 25 following requirements:



1           “(A) The specialized program provides  
2           training for jobs in the construction industry.

3           “(B) The program is designed to provide  
4           trained workers for projects for the construction  
5           or reconstruction of public school facilities re-  
6           ceiving funding assistance under an applicable  
7           program.

8           “(C) The program is designed to ensure  
9           that skilled workers (residing in the area to be  
10          served by the school facilities) will be available  
11          for the construction or reconstruction work.

12          “(2) COORDINATION.—The specialized program  
13          established under paragraph (1) shall be integrated  
14          with other activities under this Act, with the activi-  
15          ties carried out under the National Apprenticeship  
16          Act of 1937 by the State Apprenticeship Council or  
17          through the Bureau of Apprenticeship and Training  
18          in the Department of Labor, as appropriate, and  
19          with activities carried out under the Carl D. Perkins  
20          Vocational and Technical Education Act of 1998.  
21          Nothing in this subsection shall be construed to re-  
22          quire services duplicative of those referred to in the  
23          preceding sentence.

24          “(3) APPLICABLE PROGRAM.—In this sub-  
25          section, the term ‘applicable program’ has the mean-

1       ing given the term in section 439(b) of the General  
 2       Education Provisions Act (relating to labor stand-  
 3       ards).”.

4       (b) STATE PLAN.—Section 112(b)(17)(A) of the  
 5       Workforce Investment Act of 1998 (29 U.S.C.  
 6       2822(b)(17)(A)) is amended—

7               (1) in clause (iii), by striking “and” at the end;

8               (2) by redesignating clause (iv) as clause (v);

9       and

10              (3) by inserting after clause (iii) the following:

11                               “(iv) how the State will establish and  
 12                               carry out a specialized program of training  
 13                               under section 134(f); and”.

## 14       **TITLE VI—ACCESS TO POST** 15       **SECONDARY EDUCATION**

### 16       **SECTION. 601. INCREASE IN MAXIMUM PELL GRANTS.**

17       Section 401(b)(2)(A) of the Higher Education Act of  
 18       1965 (20 U.S.C. 1070a(b)(2)(A)) is amended

19              (1) by inserting “and” after the semicolon at  
 20       the end of clause (i); and

21              (2) by striking clauses (ii) through (v) and in-  
 22       serting the following:

1                   “(ii) \$6,500 for each of the academic  
2                   years 2000–2001, 2001–2002, 2002–2003,  
3                   and 2003–2004,”.

○